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AVOYELLES PROGRESS ACTION COMMITTEE, INC.

AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/9/03

DUCOTE & COMPANY
Certified Public Accountants
219 North Main Street
P. O. Box 309
Marksville, LA 71351

AVOYELLES PROGRESS ACTION COMMITTEE

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT	1-2
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	3-4
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Combined Statement of Financial Position	6
Combined Statement of Activities	7
Combined Statement of Cash Flows	8
NOTES TO FINANCIAL STATEMENTS	10-15
SUPPLEMENTAL INFORMATION:	
COMBINING STATEMENTS	
Combining Statement of Financial Position – All Indirect Federal Funds	18
Combining Statement of Activities - All Indirect Federal Funds	19
Combining Statement of Cash Flows - All Indirect Federal Funds	20

AVOYELLES PROGRESS ACTION COMMITTEE

TABLE OF CONTENTS
(continued)

	<u>Page No.</u>
SUPPLEMENTAL INFORMATION (continued):	
APPENDIX A – OTHER REPORTS REQUIRED BY OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133	
Report on Schedule of Expenditures of Federal Awards	22
Schedule of Expenditures of Federal Awards	23
Notes to the Schedule of Expenditures of Federal Awards	24
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	25-26
Schedule of Audit Results, Findings, and Questioned Costs	27-28
Schedule of Prior Year Audit Findings	29
Corrective Action Plan for Current Year Audit Findings	30

Independent Auditors' Report

To the Board of Directors
Avoyelles Progress Action Committee, Inc.
Marksville, Louisiana

We have audited the accompanying statement of financial position of the Avoyelles Progress Action Committee, Inc. (a nonprofit organization) as of September 30, 2002, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Avoyelles Progress Action Committee, Inc., as of September 30, 2002, and the results of operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 28, 2003, on our consideration of Avoyelles Progress Action Committee, Inc.'s internal control structure and a report dated March 28, 2003 on its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Board of Directors
Page 2
March 28, 2003

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as supplementary information in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of the Avoyelles Progress Action Committee, Inc. The accompanying schedule of expenditures of federal awards contained in Appendix A is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements of the Avoyelles Progress Action Committee, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



DUCOTE & COMPANY
Marksville, Louisiana
March 28, 2003

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Avoyelles Progress Action Committee, Inc
Marksville, Louisiana

We have audited the general purpose financial statements of Avoyelles Progress Action Committee, Inc, for the year ended September 30, 2002, and have issued our report thereon dated March 28, 2003. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Avoyelles Progress Action Committee, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and is described in the accompanying schedule of findings and questioned costs as Item 02-01.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Avoyelles Progress Action Committee, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses. We did noted other matters involving the internal control over financial reporting that we have reported to the management of the Avoyelles Progress Action Committee, Inc in a separate letter dated March 28, 2003.

Members of the Board

Page 2

March 28, 2003

This report is intended solely for the information and use of the Board of Directors and the management of the Avoyelles Progress Action Committee, Inc., State of Louisiana and Federal granting agencies, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.



Ducote & Company

Marksville, Louisiana

March 28, 2003

GENERAL PURPOSE FINANCIAL STATEMENTS

AVOYELLES PROGRESS ACTION COMMITTEE, INC.
MARKSVILLE, LOUISIANA
Combined Statement of Financial Position
All Programs
September 30, 2002

ASSETS

Current Assets

Cash and cash equivalents	\$4,864	\$28,718	\$19,216	\$52,798
Grants receivable	20,000	28,805	0	48,805
Due from other programs	0	3,248	2,000	5,248

Total current assets	<u>24,864</u>	<u>60,771</u>	<u>21,216</u>	<u>106,851</u>
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Property, Plant & Equipment

Property, Plant & Equipment (net of accum depr)	393,682	12,222	153,835	559,739
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Other Assets

Deposits	<u>100</u>	<u>0</u>	<u>0</u>	<u>100</u>
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TOTAL ASSETS

<u>\$418,646</u>	<u>\$72,993</u>	<u>\$175,051</u>	<u>\$666,691</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$34,580	\$14,521	\$2,318	\$51,419
Due to other programs	0	0	5,248	5,248
Notes payable, current portion	<u>0</u>	<u>0</u>	<u>3,512</u>	<u>3,512</u>

Total current liabilities	34,580	14,521	11,078	60,179
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Long-Term Liabilities

Notes payable, net of current portion	<u>0</u>	<u>0</u>	<u>152,272</u>	<u>152,272</u>
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Total liabilities	<u>34,580</u>	<u>14,521</u>	<u>163,350</u>	<u>212,451</u>
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Net Assets

Unrestricted	<u>384,066</u>	<u>58,471</u>	<u>11,701</u>	<u>454,238</u>
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Total net assets	<u>384,066</u>	<u>58,471</u>	<u>11,701</u>	<u>454,238</u>
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TOTAL LIABILITIES AND NET ASSETS

<u>\$418,646</u>	<u>\$72,993</u>	<u>\$175,051</u>	<u>\$666,691</u>
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The accompanying notes are an integral part of this financial statement.

AVOYELLES PROGRESS ACTION COMMITTEE, INC.
MARKSVILLE, LOUISIANA
Combined Statement of Activities
All Programs
For the Year Ended September 30, 2002

	<u>Direct Federal</u> <u>Program</u>	<u>Indirect Federal</u> <u>Programs</u>	<u>Non-Federal</u> <u>Programs</u>	<u>Totals</u> <u>Memo Only</u>
UNRESTRICTED NET ASSETS:				
Support				
Grants earned	\$2,042,198	\$649,497	\$0	\$2,691,695
In-kind contributions	568,487	0	0	568,487
Other support	562	0	1,113	1,675
Total Support	<u>2,611,247</u>	<u>649,497</u>	<u>1,113</u>	<u>3,261,857</u>
Expenses:				
Program Services:				
Salaries	1,033,867	149,131	12,277	1,195,275
Fringe benefits	210,868	24,236	1,917	237,021
Contractual	5,117	2,928	1,463	9,508
Travel	40,111	5,687	0	45,798
Space costs	26,451	288,856	0	315,307
Consumable supplies	70,206	20,076	0	90,282
Materials cost	48,099	74,883	0	122,982
Other expenses	283,937	46,866	7,150	337,953
In-kind contributions	568,487	0	0	568,487
Total Program Services	<u>2,287,143</u>	<u>612,663</u>	<u>22,807</u>	<u>2,922,613</u>
Increase (decrease) in unrestricted net assets before operating transfers	324,104	36,834	(21,694)	339,244
Operating transfers in (out)	<u>(2,472)</u>	<u>(2,678)</u>	<u>5,150</u>	<u>0</u>
Increase (decrease) in unrestricted net assets	321,632	34,156	(16,544)	339,244
Net assets, beginning of year	<u>62,434</u>	<u>24,315</u>	<u>28,245</u>	<u>114,994</u>
Net assets, end of year	<u><u>\$384,066</u></u>	<u><u>\$58,471</u></u>	<u><u>\$11,701</u></u>	<u><u>\$454,238</u></u>

The accompanying notes are an integral part of this financial statement.

AVOYELLES PROGRESS ACTION COMMITTEE, INC.
MARKSVILLE, LOUISIANA
Combined Statement of Cash Flows
All Programs
For the Year Ended September 30, 2002

	<u>Direct Federal</u> <u>Programs</u>	<u>Indirect Federal</u> <u>Programs</u>	<u>Non-Federal</u> <u>Programs</u>	<u>Totals</u> <u>Memo Only</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	\$321,632	\$34,156	\$(16,544)	\$(339,244)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:				
Depreciation	28,742	4,640	968	34,350
(Increase) decrease in operating assets:				
Grants receivable	10,000	12,156	0	22,156
Other receivable	3,889	1,464	0	5,353
Increase (decrease) in operating liabilities:				
Accounts payable	21,612	(7,199)	(3,963)	10,450
Other payables	0	(5,889)	536	(5,353)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>385,875</u>	<u>39,328</u>	<u>(19,003)</u>	<u>406,200</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from debt	0	0	156,713	156,713
Principal payments of debt	0	0	(929)	(929)
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>0</u>	<u>0</u>	<u>155,784</u>	<u>155,784</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property and equipment	(378,730)	(7,899)	(154,803)	(541,432)
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(378,730)</u>	<u>(7,899)</u>	<u>(154,803)</u>	<u>(541,432)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,145	31,429	(18,022)	20,552
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>(2,281)</u>	<u>(2,711)</u>	<u>37,238</u>	<u>32,246</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$4,864</u>	<u>\$28,718</u>	<u>\$19,216</u>	<u>\$52,798</u>

The accompanying notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS

AVOYELLES PROGRESS ACTION COMMITTEE, INC.
Notes to the Financial Statements
September 30, 2002

NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization:

The Avoyelles Progress Action Committee, Inc. (APAC) was organized in 1965, its purpose being to serve as a community action agency for the parish of Avoyelles, Louisiana. Its goal is to provide a central agency to focus on available local, state, federal and private resources to assist the disadvantaged residents of Avoyelles Parish.

The Avoyelles Progress Action Committee, Inc. is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Nature of Activities:

The primary funding sources and their purposes of APAC are:

Direct Federal Programs

Department of Health & Human Services:

Head Start - a full year (nine month) program which provides comprehensive early child development for disadvantaged, pre-school children.

Indirect Federal Programs

Department of Agriculture:

The Child Care Food Program operates in conjunction with the Head Start Program. This program allows APAC to operate a meal program for qualifying students on a cost reimbursement basis.

Department of Energy:

The Weatherization Assistance for Low Income Persons Program provides services to assist needy individuals with home energy conservation measures.

Department of Health & Human Services:

The Community Services Block Grant and the Emergency Community Services for the Homeless Programs help to defray a portion of APAC's administrative costs as well to provide various program services to the needy.

The Low Income Home Energy Assistance Program (LIHEAP) provides assistance to low income households in the payment of home utility costs during high energy usage periods of the year.

AVOYELLES PROGRESS ACTION COMMITTEE, INC.
Notes to the Financial Statements (continued)
September 30, 2002

NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Nature of Activities (continued):

Indirect Federal Programs (continued):

Department of Social Services:

The Temporary Assistance for Needy Families Program (TANF) provides assistance to low income households in the payment of home utility costs.

Non-Federal Programs

This accounts for general fund and state appropriated monies to cover other administrative costs of operating the APAC agency. During the year ended September 30, 2002, APAC received no state appropriation monies.

Method of Accounting:

The financial statements of APAC have been prepared utilizing the accrual basis of accounting.

Financial Statement Presentation:

In 1996, APAC adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, APAC is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. As permitted by the new standard, APAC has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present classes of net assets. The reclassification had no cumulative effect on the change in net assets for the year ended September 30, 2002.

APAC also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1996. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The adoption had no cumulative effect on net assets at the date of the adoption. In addition, APAC has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

Cash Equivalents:

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

Support and Revenue:

Grant revenues are recognized as follows:

For entitlement grants in which unexpended funds are subjected to future reprogramming, the entire amount of the grant award is recognized over the life of the grant. In cases where such grants span the Agency's fiscal year end, revenues are recognized in an amount equal to expenditures in the initial portion of the grant, and any excess is recognized in the period in which the grant terminates.

AVOYELLES PROGRESS ACTION COMMITTEE, INC.
Notes to the Financial Statements (continued)
September 30, 2002

NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Support and Revenue (continued):

In cases of cost reimbursement grants where unexpended funds revert to the grantor at the conclusion of the grant period, grant revenues are recognized in an amount equal to expenditures, up to the maximum amount of the grant awarded.

In the case of unrestricted grants, the entire amount of the grant award is recognized as revenue upon receipt.

Expenditures:

Purchases of consumables and supplies are recorded as expenditures in the grant period when purchased. Should grant funding cease, such equipment could be returned to the grantor. Because of these expenditures, a perpetual record is maintained on those assets acquired.

Totals - Memo Only

The total columns on the statements are captioned Memo Only to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment acquired by APAC are considered to be owned by APAC. However, federal funding sources may maintain an equitable interest in the property purchased with grant monies, as well as the right to determine the use of any proceeds from the sale of these assets. The equitable interest maintained by the grantor agency decreases as the age of the asset increases.

As of September 30, 2002, all property and equipment owned by APAC has been acquired with grant monies.

Property and equipment consist of the following:

	Balance 9/30/01	Additions	Deletions	Balance 9/30/02
Direct Federal Programs	\$347,446	\$378,730	\$ -0-	\$726,176
Indirect Federal Programs	26,935	7,899	-0-	34,834
Non-Federal Programs	<u>-0-</u>	<u>154,803</u>	<u>-0-</u>	<u>154,803</u>
Totals	374,381	<u>541,432</u>	<u>-0-</u>	915,813
Accumulated Depreciation	(321,724)	<u>(34,350)</u>	<u>-0-</u>	(356,074)
Net Property and Equipment	<u>\$ 52,657</u>			<u>\$559,739</u>

AVOYELLES PROGRESS ACTION COMMITTEE, INC.
Notes to the Financial Statements (continued)
September 30, 2002

NOTE B – PROPERTY AND EQUIPMENT (continued)

SFAS No. 93, effective for fiscal years beginning after May 15, 1988, requires the recognition of depreciation in the financial statements of a non-profit organization. This statement provides that the nonprofit organization adopt accounting changes needed to conform to the statement's provisions.

Effective for the year ended September 30, 2002, APAC has adopted the provisions of SFAS No. 93. Depreciation is calculated using the straight-line method with assets lives of 5 to 10 years.

NOTE C – CONSTRUCTION IN PROGRESS

At September 30, 2002, construction was underway for a new APAC Headstart Cinderella center in Marksville. At September 30, 2002 construction costs totaled \$49,935 out of an estimated total project cost of \$183,311. Financing for the project is being provided by a construction loan from the Union Bank.

NOTE D - DONATED SERVICES, MATERIAL, AND FACILITIES

Valuation of in-kind services is made at current market rates for services, at not more than the federal minimum wage plus applicable fringe costs.

Donations of materials and facilities use are valued at the estimated fair market value of the material or facility at the time of the donation.

NOTE E - INTERPROGRAM RECEIVABLES/PAYABLES

As of September 30, 2002, the following interprogram receivables/payables existed:

	<u>Receivable</u>	<u>Payable</u>
Non-Federal Program:		
General Fund	\$ -0-	\$ 3,247
Indirect Federal Program:		
Weatherization	<u>3,247</u>	<u>-0-</u>
Totals	<u>\$ 3,247</u>	<u>\$ 3,247</u>

AVOYELLES PROGRESS ACTION COMMITTEE, INC.
Notes to the Financial Statements (continued)
September 30, 2002

NOTE F - GRANTS RECEIVABLE

As of September 30, 2002, grants receivable was composed of:

Child Care Food:		
State of Louisiana	\$	15,755
LIHEAP:		
Dept of Agriculture		4,450
Head Start:		
Dept of Health & Hospitals		20,000
CSBG:		
State of Louisiana		2,000
TANF:		
State of Louisiana		3,564
Weatherization :		
Dept. of Energy		3,036
Total	\$	<u>48,805</u>

NOTE G - SUMMARY OF GRANTS

APAC was primarily funded through the following grants for the year ended September 30, 2002:

<u>Funding Source</u>	<u>Program Year(s) Covered</u>	<u>Recognized Support</u>
Direct Federal Programs:		
Head Start	7/1/01-6/30/02 7/1/02-6/30/03	\$2,042,198
Indirect Federal Programs:		
Community Services Block Grant	1/1/01-12/31/01 1/1/02-12/31/02	124,056
Dept of Energy Weatherization	4/1/01-3/31/02 4/1/02-3/31/03	60,196
LIHEAP Energy Assistance Program	4/1/01-3/31/02 4/1/02-3/31/03	302,322
Child and Adult Food Care Program	10/1/01-9/30/02	120,467
Temporary Assistance for Needy Families Program	10/1/01-9/30/02	<u>42,456</u>
Total Grants		<u>\$2,691,695</u>

Some of the programs have program years that overlap the Agency's fiscal year. In those cases revenue and expenditures are recognized according to the Agency's fiscal year.

AVOYELLES PROGRESS ACTION COMMITTEE, INC.
Notes to the Financial Statements (continued)
September 30, 2002

NOTE H – LONG-TERM NOTE PAYABLE

On May 6, 2002 the Board of Directors of the Avoyelles Progress Action Committee authorized the incurrence of indebtedness in the principal amount of \$156,713 for the purpose of providing the cost of building an administrative facility. The Board of Directors entered into a security agreement with the Union Bank to borrow \$156,713 at an interest rate of 7.75% payable over twenty years. At September 30, 2002 the outstanding principal balance was \$155,754. Future debt service requirements are as follows:

Fiscal Year Ended	Principal	Interest	Total
2003	\$ 3,512	\$ 11,936	\$ 15,448
2004	3,793	11,655	15,448
2005	4,098	11,350	15,448
2006	4,427	11,021	15,448
2007	4,783	10,665	15,448
2008-2002	<u>135,141</u>	<u>90,422</u>	<u>225,563</u>
Totals	<u>\$155,754</u>	<u>\$147,049</u>	<u>\$302,803</u>

NOTE I - BOARD MEMBERS PER DIEM

Board Members of the Avoyelles Progress Action Committee have not received per diem or any other type of compensation during this audit period.

NOTE J - EMPLOYEE BENEFIT PLAN

APAC established a defined contribution salary deferral plan, covering employees of the agency. The plan has been adopted in accordance with Section 403(B) of the Internal Revenue Code. Under the plan, the APAC contributes a discretionary matching contribution equal to a percentage of the amount of the salary reduction elected by the employee, up to 5% of compensation. The employee may elect a salary reduction up to the maximum annual allowable amount established by applicable Internal Revenue Code Sections. During the year ended September 30, 2002, APAC contributed \$32,656, as the agency's match, to the plan.

NOTE K – COMMITMENTS AND CONTINGENCIES

APAC leases various buildings on a one-year, renewable basis. The buildings are used primarily for Head Start facilities.

At September 30, 2002, APAC is involved in two lawsuits, one claiming racial and/or sexual discrimination and the other claiming payment for accumulated leave. In all cases legal counsel for APAC has indicated that the outcome of the litigation is uncertain at the present time, and the potential claims against APAC not covered by insurance are uncertain at this time, but are not expected to exceed \$105,000.

SUPPLEMENTARY INFORMATION

INDIRECT FEDERAL PROGRAMS

Department of Health & Human Services:

The Community Services Block Grant helps to defray a portion of APAC's administrative costs as well to provide various program services to the needy.

Department of Energy:

The Weatherization Assistance for Low Income Persons Program provides services to assist needy individuals with home energy conservation measures.

The LIHEAP Program assists needy individuals with home energy payments.

Department of Agriculture:

The Child and Adult Food Care Program operates in conjunction with the Head Start Program. This program allows APAC to operate a food program for qualifying students on a cost reimbursement basis.

Department of Social Services:

The Temporary Assistance for Needy Families Program provides assistance to the needy in the payment of home utility costs.

AVOYELLES PROGRESS ACTION COMMITTEE, INC.
MARKSVILLE, LOUISIANA
Combining Statement of Financial Position
Indirect Federal Programs
September 30, 2002

	<u>CBSG</u> <u>Program</u>	<u>Dept of Energy</u> <u>Weatherization</u> <u>Program</u>	<u>LIHEAP Energy</u> <u>Assistance</u> <u>Program</u>	<u>Child Care</u> <u>Food</u> <u>Program</u>	<u>Temporary</u> <u>Assistance for</u> <u>Needy Families</u>	<u>Totals</u> <u>Memo Only</u>
ASSETS						
Current Assets						
Cash and cash equivalents	\$3,738	\$681	\$11,316	\$9,120	\$3,863	\$28,718
Grants receivable	2,000	3,036	4,450	15,755	3,564	28,805
Due from other programs	0	3,248	0	0	0	3,248
Property, Plant & Equipment						
Property, Plant & Equipment						
(net of accum depreciation)	<u>10,296</u>	<u>500</u>	<u>417</u>	<u>509</u>	<u>500</u>	<u>12,222</u>
TOTAL ASSETS	<u>\$16,034</u>	<u>\$7,465</u>	<u>\$16,183</u>	<u>\$25,383</u>	<u>\$7,927</u>	<u>\$72,993</u>
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts payable	\$1,023	\$1,170	\$4,280	\$7,998	\$50	\$14,521
Due to other programs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>1,023</u>	<u>1,170</u>	<u>4,280</u>	<u>7,998</u>	<u>50</u>	<u>14,521</u>
Net Assets						
Unrestricted	<u>15,011</u>	<u>6,295</u>	<u>11,903</u>	<u>17,385</u>	<u>7,877</u>	<u>58,471</u>
Total net assets	<u>15,011</u>	<u>6,295</u>	<u>11,903</u>	<u>17,385</u>	<u>7,877</u>	<u>58,471</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$16,034</u>	<u>\$7,465</u>	<u>\$16,183</u>	<u>\$25,383</u>	<u>\$7,927</u>	<u>\$72,993</u>

AVOYELLES PROGRESS ACTION COMMITTEE, INC.
MARKSVILLE, LOUISIANA
Combining Statement of Activities
Indirect Federal Programs
For the Year Ended September 30, 2002

	<u>CSBG Program</u>	<u>Dept of Energy Weatherization Program</u>	<u>LIHEAP Energy Assistance Program</u>	<u>Child Care Food Program</u>	<u>Temporary Assistance for Needy Families</u>	<u>Totals Memo Only</u>
UNRESTRICTED NET ASSETS:						
Support						
Grants earned	\$124,056	\$60,196	\$302,322	\$120,467	\$42,456	\$649,497
Other support	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support	<u>124,056</u>	<u>60,196</u>	<u>302,322</u>	<u>120,467</u>	<u>42,456</u>	<u>649,497</u>
Expenses:						
Program Services:						
Salaries	65,383	32,601	11,092	31,200	8,855	149,131
Fringe benefits	12,303	3,691	1,054	6,390	798	24,236
Contractual	1,961	217	450	300	0	2,928
Travel	2,360	2,403	396	171	357	5,687
Space costs	8,754	0	280,102	0	0	288,856
Consumable supplies	10,171	192	280	9,072	361	20,076
Materials/food costs	1,492	18,746	0	54,645	0	74,883
Other expenses	<u>14,632</u>	<u>2,483</u>	<u>424</u>	<u>4,102</u>	<u>25,225</u>	<u>46,866</u>
Total Program Services	<u>117,056</u>	<u>60,333</u>	<u>293,798</u>	<u>105,880</u>	<u>35,596</u>	<u>612,663</u>
Increase (decrease) in unrestricted net assets before operating transfers	7,000	(137)	8,524	14,587	6,860	36,834
Operating transfers in (out)	<u>(2,678)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,678)</u>
Increase (decrease) in unrestricted net assets	4,322	(137)	8,524	14,587	6,860	34,156
Net assets, beginning of year	<u>10,689</u>	<u>6,432</u>	<u>3,379</u>	<u>2,798</u>	<u>1,017</u>	<u>24,315</u>
Net assets, end of year	<u>\$15,011</u>	<u>\$6,295</u>	<u>\$11,903</u>	<u>\$17,385</u>	<u>\$7,877</u>	<u>\$58,471</u>

AVOYELLES PROGRESS ACTION COMMITTEE, INC.
MARKSVILLE, LOUISIANA
Combining Statement of Cash Flows
Indirect Federal Programs
For the Year Ended September 30, 2002

	<u>CSBG Program</u>	<u>Dept of Energy Weatherization Program</u>	<u>LIHEAP Energy Assistance Program</u>	<u>Child Care Food Program</u>	<u>Temporary Assistance for Needy Families</u>	<u>Totals Memo Only</u>
CASH FLOWS FROM OPERATING ACTIVITIES:						
Change in net assets	\$4,322	\$(137)	\$8,524	\$14,587	\$6,860	\$34,156
Adjustments to reconcile changes in net assets to net cash provided by operating activities:						
Depreciaton	3,992	100	83	365	100	4,640
(Increase) decrease in operating assets:						
Grants receivable	3,550	(453)	4,397	(2,962)	7,624	12,156
Other receivable	0	1,464	0	0	0	1,464
Increase (decrease) in operating liabilities:						
Accounts payable	(182)	(95)	(4,070)	(221)	(2,631)	(7,199)
Other payables	0	0	0	(3,889)	(2,000)	(5,889)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>11,682</u>	<u>879</u>	<u>8,934</u>	<u>7,880</u>	<u>9,953</u>	<u>39,328</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchases of property and equipment	<u>(6,199)</u>	<u>(600)</u>	<u>(500)</u>	<u>0</u>	<u>(600)</u>	<u>(7,899)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(6,199)</u>	<u>(600)</u>	<u>(500)</u>	<u>0</u>	<u>(600)</u>	<u>(7,899)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,483	279	8,434	7,880	9,353	31,429
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>(1,746)</u>	<u>403</u>	<u>2,883</u>	<u>1,239</u>	<u>(5,490)</u>	<u>(2,711)</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$3,737</u>	<u>\$682</u>	<u>\$11,317</u>	<u>\$9,119</u>	<u>\$3,863</u>	<u>\$28,718</u>

APPENDIX A

REPORTS REQUIRED BY OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR

The following pages contain reports on the Schedule of Expenditures of Federal Awards and on compliance with requirements applicable to each Major Program and internal control over compliance in accordance with OMB Circular A-133

**REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

To the Board of Directors
Avoyelles Progress Action Committee, Inc
Marksville, Louisiana

We have audited the general-purpose financial statements of the Avoyelles Progress Action Committee, Inc, for the year ended September 30, 2002, and have issued our report thereon dated March 28, 2003. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.



Ducote & Company
Marksville, Louisiana
March 28, 2003

AVOYELLES PROGRESS ACTION COMMITTEE, INC
MARKSVILLE, LOUISIANA
Schedule of Expenditures of Federal Awards
For Year Ended September 30, 2002

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Local Program Number</u>	<u>Program Expenditures</u>
<u>U. S. Department of Agriculture</u> Passed through the State of Louisiana, Dept of: Education: Child and Adult Food Care Program	10.558	CACFP-2001-05	\$ 105,880
<u>U. S. Department of Energy</u> Passed through the State of Louisiana, Dept. of: Louisiana Housing Financing Agency: Weatherization Assistance for Low-Income Persons	81.042	CFMS 557425	60,333
<u>U.S. Department of Health and Human Services</u> Direct Program: Head Start	93.600*	06CH5109/36	2,287,143
Passed through the State of Louisiana, Dept of: Louisiana Housing Financing Agency: Low Income Home Energy Assistance Payments	93.568	CFMS 565754	293,798
Passed through the State of Louisiana, Dept of Labor: Community Services Block Grant	93.569	2002N0051	117,056
State of Louisiana, Dept of Social Services: Temporary Assistance for Needy Families	93.568	N/A	<u>35,596</u>
Total Federal Expenditure Awards			<u>\$ 2,899,806</u>

* Denotes a major program

AVOYELLES PROGRESS ACTION COMMITTEE, INC
Notes to the Schedule of
Expenditures of Federal Awards
September 30, 2002

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards of the Avoyelles Progress Action Committee, Inc., has been prepared utilizing the accrual basis of accounting. The information presented in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in, the preparation of the general purpose financial statements.

NOTE B – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Avoyelles Progress Action Committee, Inc. provided no federal awards to subrecipients.

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Avoyelles Progress Action Committee, Inc
Marksville, Louisiana

Compliance

We have audited the compliance of the Avoyelles Progress Action Committee, Inc with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2002. Avoyelles Progress Action Committee, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Avoyelles Progress Action Committee, Inc.'s management. Our responsibility is to express an opinion on Avoyelles Progress Action Committee, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-1338, Audits of State and Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Avoyelles Progress Action Committee, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Avoyelles Progress Action Committee, Inc.'s compliance with those requirements.

In our opinion, Avoyelles Progress Action Committee, Inc complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2002. However, the results of our auditing procedures disclosed an instance on noncompliance with requirements that are required to be reported in accordance with Government Auditing Standards, identified as Item 02-01 on the Schedule of Findings and Questioned Costs.

Internal Control Over Compliance

The management of the Avoyelles Progress Action Committee, Inc is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Avoyelles Progress Action Committee, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Board of Directors
Page 2
March 28, 2003

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we did note other matters involving the internal control over financial reporting that we have reported to the management of the Avoyelles Progress Action Committee, Inc in a separate letter dated March 28, 2003.

This report is intended solely for the information and use of the Board of Directors and the management of the Avoyelles Progress Action Committee, Inc., State of Louisiana and Federal granting agencies, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.



Ducote & Company
Marksville, Louisiana
March 28, 2003

AVOYELLES PROGRESS ACTION COMMITTEE, INC
MARKSVILLE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2002

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____yes x no

Reportable condition(s) identified not

Considered to be material weakness(es) _____yes x no

Noncompliance material to financial statements noted? X yes _____no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____yes x no

Reportable condition(s) identified not

Considered to be material weakness(es) _____yes x none reported

Type of auditors' report issued on compliance

For major programs: Unqualified

Any audit findings disclosed that are required

To be reported in accordance with

Circular A-133, Section .510(a) _____yes x no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start

Dollar threshold used to distinguish between

Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee x yes _____no

AVOYELLES PROGRESS ACTION COMMITTEE, INC
MARKSVILLE, LOUISIANA
Schedule of Findings and Questioned Costs (continued)
For the Year Ended September 30, 2002

Section II-Financial Statement Findings

02-01

Finding:

During the fiscal year ended June 30, 2001, the Agency had funds on deposit with two local banks that exceeded the amount of FDIC insurance coverage. Pursuant to LRS 39:1225, security (pledged securities) at all times should be equal to or greater than the amount of collected funds except for that portion of deposits insured.

Management's Response:

These deficiencies were corrected as soon as they were brought to the attention of the institutions' representatives by the director. Management will analyze deposit collateral on a regular basis to ensure that the situation does not occur again.

Section III – Federal Award Findings and Questioned Costs

There are no findings and questioned costs applicable to federal awards.

AVOYELLES PROGRESS ACTION COMMITTEE, INC
MARKSVILLE, LOUISIANA
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2002

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/ Partial Corrective Action Taken</u>
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Section I – Internal Control and Compliance Material to the Financial Statements

None

Section II – Internal Control and Compliance Material to Federal Awards

None

Section III – Management Letter

None

**AVOYELLES PROGRESS ACTION COMMITTEE, INC
MARKSVILLE, LOUISIANA
Corrective Action Plan for Current Year Audit Findings
Year Ended September 30, 2002**

<u>Ref No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name Of Contact Person</u>	<u>Anticipated Completion Date</u>
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Section I – Internal Control and Compliance Material to the Financial Statements

02-01	Deposits held at September 30, 2002 at two financial institutions were undercollateralized by the amount of \$67,959.	Contact financial institutions and require additional securities be pledged against Agency's accounts	Mrs. Brenda Wilmer	March 31, 2003
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Section II – Internal Control and Compliance Material to Federal Awards

None

Section III – Management Letter Comments

ML02-01	Proper period end cutoff with respect to interfund reimbursements	Accountant will reconcile reimbursements each period to verify transactions are properly recorded in each period and each program	Ms. Brenda Wilmer/ Mr. Leroy Foser	April 30, 2003
ML 02-02	Reconciliation of subsidiary ledgers to general ledgers - the accounts payable subsidiary ledger and the bank reconciliations are not agreed to the general ledger on a regular basis, creating unreconciled differences over a period of time	Accountant will reconcile all subsidiary ledgers and bank reconciliations to the general ledger on a monthly basis. Any differences will be identified and corrected.	Mr. Leroy Foster	April 30, 2003

Ducote & Company
Certified Public Accountants

Aloysia C. Ducote, CP A, PC
Joan S. Ducote, CP A, PC

To Board of Directors
Avoyelles Progress Action Committee, Inc
Marksville, Louisiana

In planning and performing our audit of the general purpose financial statements of the Avoyelles Progress Action Committee, Inc for the year ended September 30, 2002, we considered the Avoyelles Progress Action Committee, Inc.'s internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of an immaterial compliance matter. The memorandum that accompanies this letter summarizes our comment and suggestions regarding that matter. This letter does not affect our report dated March 28, 2003, on the financial statements of the Avoyelles Progress Action Committee, Inc.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and its related suggestions with various Avoyelles Progress Action Committee, Inc.'s personnel, and we will be pleased to discuss them in further detail at your convenience and to assist you in implementing these recommendations.

Thank you for your courtesies and cooperation extended to us during the annual examination.



DUCOTE & COMPANY
Marksville, Louisiana

March 28, 2003

**Memorandum Re: Comment to Improve the
Avoyelles Progress Action Committee, Inc.'s Operations**

Item ML02-01

Finding:

The Agency operates centralized payroll and accounts payable systems. Each program reimburses the payroll and accounts payable accounts for their share of the disbursements. During the course of the audit it was noted in a few instances, that the disbursements from one program and the receipts by the centralized payroll or accounts payable accounts were not recorded in the same accounting period. All transactions between programs must be recorded in the proper accounting periods to provide accurate accounting and proper period cutoff.

Management's Response:

The Agency's accountant will reconcile all inter-program transfers/reimbursements as they are made to verify proper period cutoff. All accounts will be reconciled each month and any differences noted and reconciled.

Item ML02-02

Finding:

The accounts payable subsidiary ledger and the bank reconciliations are not agreed to the general ledger on a regular basis. Several differences between the subsidiary ledgers and the general ledgers were noted during the audit. All subsidiary ledgers and reconciliations must be agreed to the general ledger in every accounting period to ensure accurate accounting records and program reports.

Management's Response:

The Agency's accountant will continue to perform bank reconciliations on a monthly basis and will verify them against the general ledger. Also the accounts payable subsidiary ledger will be agreed to the general ledger on a monthly basis. Any differences will be identified and corrections made as needed.